

AURORA SPECIALTY TEXTILES GROUP, INC.
Commission Finishing

GENERAL TERMS AND CONDITIONS

1. **Greige Mill Seconds** - Accepted only by special arrangement and finished solely at your risk with no guarantee as to return.
2. **Delivery; Freight** - Goods received and delivered F.O.B. Seller's plant. You assume full responsibility for and agree to protect and indemnify us against any loss or cost caused by incorrect freight classification made under your instructions and goods in transit are at your risk. In the absence of specific routing instructions, you shall have no recourse against us for transportation charges you deem to be excessive.
3. **Buyer's Property** - We assume no risk for damage to your goods by fire, explosion, sprinkler leakage, wind storm, flood, or any other casualty while in transit, in our possession or under our control, and we are not required to provide insurance coverage of any kind for buyer's property. We accept no risk for loss or damage to your goods by deterioration while in our possession or under our control. We reserve the right at any time to store your goods at a public warehouse of our selection without prior notification and without thereby accepting any liability for loss or damage which may ensue. We shall have no responsibility of any kind in unloading, storage or reloading goods not finished by us.
4. **Trademark and Copyright** – You will indemnify and hold us harmless from any claim, damage or expense arising out of the use of any name, symbol, design, trademark or other proprietary mark used by us at your direction on your property.
5. **Limited Warranty** – Except for (a) warranties expressly stated herein (and only to the extent stated herein) and (b) the warranty that the goods delivered to you shall be upon full payment to us free of any liens or claims created by us, we make no warranty of any kind, express or implied, about the fitness of the goods for any particular purpose, including but not limited to fastness of color, breaking strength, shrinkage or yield, unless and except to the extent specifically provided for by written product specifications agreed to between the parties that is either included with the purchase order document or on file with Seller as a separate product specification agreement or document. The warranties described above, if any, shall not apply if and to the extent that (i) the goods have been subjected to adverse storage conditions (including but not limited to outdoor storage, excess humidity and excess temperatures), abuse, neglect, misuse, accident or alteration by any party other than us, or (ii) the goods have been processed by a party other than us after delivery.

We will, at our option, either repair or replace any products which fail to conform to any express warranty set forth herein at our facility or other location approved by us at no charge to buyer or issue a refund of all or a portion of the purchase price paid by you for such nonconforming products, subject to your compliance with the requirements and subject to the restrictions set forth in Section 10. Any warranty or other claim with respect to products must be made in writing delivered to us within ninety (90) days of shipment by us with sufficient evidence of purchase; otherwise your rights under this warranty shall be deemed waived.

THE EXPRESS WARRANTIES AND REPRESENTATIONS SET FORTH IN THESE TERMS ARE IN LIEU OF, AND WE HEREBY DISCLAIM, ANY AND ALL OTHER WARRANTIES AND REPRESENTATIONS (EXPRESSED OR IMPLIED, ORAL OR WRITTEN), INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY, OR FITNESS FOR OR SUBSTANTIALLY FOR ANY PURPOSE WHETHER OR NOT WE KNOW, OR HAVE REASON TO KNOW, HAVE BEEN ADVISED, OR ARE OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE, WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING OR PERFORMANCE.

6. **Additional Disclaimers** - Without limiting the generality of any other disclaimer or limitation of warranty set forth in this offer, we specifically disclaim all warranties and representations with respect to: (i) compliance of the products sold hereunder with any governmental regulations concerning flammability; (ii) fastness of color, consistency of shade in different dye batches, consistency of dye in different materials, breaking strength, shrinkage or yield; (iii) results and appearances due to mixture by you of fabric pieces; and (iv) the likelihood that handling of products provided hereunder will result in adverse medical conditions.
7. **Exclusion of Consequential Damages and Disclaimer of Liability** - Our liability with respect to breaches of warranty shall be limited to the exclusive remedies as provided in Paragraph 5 hereof. With respect to other breaches of the contract, our liability shall in no event exceed the contract price set forth in this Price Confirmation. WE SHALL NOT BE SUBJECT TO AND HEREBY DISCLAIM: (1) ANY OTHER OBLIGATIONS OR LIABILITIES ARISING OUT OF BREACH OF CONTRACT OR WARRANTY, (2) ANY OBLIGATIONS WHATSOEVER ARISING FROM TORT CLAIMS (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR ARISING UNDER OTHER THEORIES OF LAW WITH RESPECT TO PRODUCTS SOLD OR SERVICES RENDERED BY US, OR ANY UNDERTAKINGS, ACTS OR OMISSIONS RELATING THERETO, AND (3) ALL CONSEQUENTIAL, INCIDENTAL AND CONTINGENT DAMAGES WHATSOEVER. Without limiting the generality of the foregoing, we specifically disclaim any liability for penalties (including administrative penalties), special or punitive damages, damages for lost profits or revenues, loss of use of products or any associated equipment, cost of capital, facilities or services, downtime, shutdown costs, spoilage of material, or for any other types of economic loss.

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GENERAL TERMS AND CONDITIONS, CONTINUED

8. **Inspection** - Inspection and measurement by us of your greige goods will be made only upon your request, at your expense, and without responsibility by us. We are not responsible for defects, latent or apparent, which are not caused by our finishing service, and we are not required to inspect the greige goods to determine their fitness for finishing or fiber content. We assume no responsibility for results on goods already in process or processed before we become aware of the unsuitability of the greige goods for our processing.
9. **Processing** - If, in our judgment, we discover when processing your greige goods that damage would occur or inferior quality would result from finishing the fabric at the stipulated width, we reserve the right to finish the goods, without any responsibility on our part, at a different width, weight or count.
10. **Materials** - Unless otherwise agreed by the parties in writing, Seller shall be responsible for obtaining the materials, components, and services required by Seller to deliver the Products. Seller shall not be in breach of any of its obligations hereunder or be liable to Buyer as a result of any failure by a component or material supplier to perform its obligations, including without limitation prompt delivery of materials and/or failure of the components or materials to meet any required specifications.
11. **Claims** - No rejection or claims will be accepted or allowed with respect to goods that have been processed by third parties subsequent to delivery by us. No rejections or claims will be accepted for any reason if presented after ninety (90) days from the date of delivery. Under no circumstances may goods be returned to our plant without written or verbal approval by our authorized representative. No goods will be accepted back without an R.G.A. number on the package. Any goods processed for you under the terms of this Price Confirmation and your order for finishing services, which you may claim do not comply herewith, must be tendered to us promptly, in the same condition as when delivered to you, with full opportunity for our inspection by us. If you should fail to make such tender to us of the goods or fail to give us such an opportunity for inspection, you shall not be entitled to make or have any deduction, allowance, claim or cause of action, based upon or relating to your order for such finishing services. Goods properly tendered and offered to us, which, in our opinion, have not been finished and delivered in compliance with this order for finishing services, may, at our option be replaced or redelivered by us, in whole or in part within a reasonable time with the same or other goods which comply herewith. If the goods cannot be reprocessed or replaced, as herein provided, then our responsibility for losses, if any, caused by us is limited to the cost of the actual yardage improperly processed, or the market value thereof at the time of delivery, whichever may be the lower, and does not include losses from broken assortments, profits or other consequential or contingent losses.
12. **Changes and Cancellation** - All changes or cancellation of orders must be complete, specific, in writing, and acknowledged in writing by us. Buyer may not make or request changes to the finishing services to be provided, reduce quantities ordered, alter the quantities of scheduled individual shipments, or shorten or extend the shipping schedule without Seller's prior consent. In the event Supplier consents to any of the foregoing, or if increases in raw material or labor costs negate acceptable profit for Supplier, then Seller reserves the right to make any revision in prices on any unshipped balance of Buyer's order by giving Buyer prompt written notice of the revision in price. The revision will be effective upon notice to Buyer unless Buyer by written notice refuses such price revision within 10 days of receipt of notice of revision. If Buyer refuses Seller's price revision, Seller shall have the option of canceling without liability that portion of Buyer's order to which the price revision is applicable, or of completing Buyer's order at the original price and subject to the original terms quoted for the order. Buyer may cancel an order, in whole or in part, only if Buyer makes payment to Seller to indemnify it against all losses and liabilities associated with the cancellation, including without limitation expenses incurred and commitments made by Seller.
13. **Force Majeure** - We shall incur no liability under this Price Confirmation or any order or contract based thereon for failure to perform resulting directly or indirectly from fire, explosion, floods, lockouts, strikes, riots, civil commotion, defense or war activities of the United States or any state thereof or of enemies, acts of God, the public enemy, Government regulation, differences with workmen, inability to obtain necessary supplies or any cause beyond our control, whether or not similar to the foregoing. To the extent we deem practicable, we will prorate deliveries among our customers. We will use our best effort to make prompt delivery but we accept no responsibility for delivery delay for any reason. Deliveries of goods will be deemed to have been completed when invoices are rendered showing merchandise in open stock, stored in cases, or ready for shipment, as the case may be. However, this or any other agreement fixing the time of delivery shall not affect or operate as a waiver of our lien provided for herein.
14. **Ownership of Greige Goods** - All goods sent to us must be covered by an invoice giving detailed description of bales or rolls, contents and finishing instructions or order to hold goods in greige state. It is agreed that we shall recognize the receipt of such first invoice as establishing the ownership of such goods, unless and until we receive a similar invoice from a subsequent owner and/or a written notice of such change of ownership from the prior owner. No greige goods will be processed until descriptive invoices are received.

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GENERAL TERMS AND CONDITIONS, CONTINUED

15. **Lien** - In addition to, and not in derogation of any other right, remedy or lien given by law, it is agreed that we shall have a lien on, and may hold, all goods (finished, unfinished or in process) in our possession or control at any time, as security for the payment of any and all obligations due or coming due to us. All goods delivered to us and in our possession may be held by us pending the payment of all balances due on behalf of the owner of said goods. The acceptance of a note, bill, acceptance or additional security, shall not constitute a waiver of our prior general lien. Any goods so retained by us may be sold by us at a public or private sale, with or without notice to you, after thirty (30) days from the date when written demand for payment has been made. The proceeds from such sale, after first deducting the cost and charges of such sale, shall be applied on any balances or charges owing to us from you and the balance, if any, shall be remitted to you.
16. **Bill and Hold Transactions** - For Bill and Hold transactions, the mailing of an invoice shall constitute delivery. In such case, buyer assumes title and risk of loss for the finished goods upon delivery.
17. **Fiber Identification** - Identification and description of fibers in goods supplied by you for processing by us as well as in the goods finished by us shall be your responsibility alone and you will defend and indemnify us against all claims alleged to arise from a misrepresentation of fiber content or a violation of any labeling act, whether Federal, State or local. If the fiber content is misrepresented, mislabeled or unlabeled in any way, we are not liable for any problems or defects occurring in processing.
18. **Prices** - Prices on this contract are based on production, at the present costs for supplies, labor and services. Prices on any undelivered portion of this contract are subject to increase to the extent of added costs to us in the event of any increase in costs for supplies, labor and services, governmental action or legislation. The amount of any such increase as computed by us pursuant to this paragraph shall be binding upon you, except for clerical or mathematical errors.
19. **Short Lengths** - An extra charge will be made for greige cloth received in short lengths (under yards). Short lengths must be invoiced to us as such. We do not assume any responsibility for yardage returned on lots containing short lengths.
20. **Storage** - Charges for storage will be implemented as per the supplementary pricing sheet
21. **Insurance** - Buyer shall maintain at all times during the term of the Agreement, adequate insurance protecting all of its products while in the Seller's possession or control, and while in transit to and from Seller, from any loss, casualty, or damage. Additionally, Buyer shall maintain general liability insurance and product liability insurance resulting from use of the Products. All insurance shall be in amounts not less than \$2 million in the aggregate. Buyer shall cause Seller to be named as an "Additional Insured" on all policies of insurance. Any failure by Seller to obtain proof of "Additional Insured" status shall not be deemed waiver of such requirement. Buyer shall direct its insurer to notify Seller in writing immediately upon receipt from Buyer of, or upon its insurer giving to Buyer of, any notice relating to the non renewal, cancellation, change to or reduction in coverage of such insurance.
22. **Governing Law** - The validity, construction, interpretation and enforcement of this Agreement, or any breach thereof, shall be governed solely by the internal laws of the State of Illinois without regard to conflict of law principles. Any and all suits or proceedings relating to this Agreement shall be brought only in the state or federal courts located in Illinois. Each party consents to the exclusive personal jurisdiction and venue of the state of Illinois and federal courts located in northern district of Illinois.
23. **Indemnification** - Buyer agrees to indemnify, defend and hold Seller harmless from and against all claims, suits, settlements, judgments, fines, expenses, losses, costs, deficiencies, liabilities and damages, including reasonable attorneys' fees, court costs and expenses incurred or suffered by Seller arising out of or in connection with (i) any breach by Buyer, its employees or sub contractors of any of its covenants, representations, warranties, obligations or agreements made in this Agreement, (ii) the processing of the products, except to the extent such damages arise solely and directly out of Seller's negligent acts or omissions or Seller's failure to process the products in accordance with Buyer's specifications, or (iii) any claim of personal injury, including death, or other damage arising out of the use of any of Buyer's products.
24. **Entire Agreement** - This Agreement constitutes the final written expression of the terms of agreement between the parties relating to the subject matter contained herein and is the complete and exclusive statements of those terms. This Agreement supersedes all prior agreements with respect to such subject matter and merges all prior discussion between the parties. All references to this Agreement shall be deemed to include any exhibits or schedules hereto. No provision in any purchase order or purchase order confirmation, whether entered into prior to, concurrently with or after the execution and delivery of this Agreement, shall be effective to the extent that provision is inconsistent with any provision of this Agreement.
25. **Amendments** - This Agreement may be amended only with the consent of both parties in writing signed by an authorized representative of each party.
26. **Severability** - The provisions of this Agreement shall be deemed severable, and the invalidity, unenforceability or illegality of any provision of this Agreement shall not in any way affect or impair the validity, enforceability or legality of the other provisions hereof.

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GENERAL TERMS AND CONDITIONS, CONTINUED

27. **No Waiver** - The failure of either party hereto at any time to require performance by the other party of any provision of this Agreement shall in no way affect the right of such party to require performance of that provision, and any waiver by either party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself or a waiver of any right under this Agreement.
28. **Headings** – All headings and captions contained herein are for convenience of reference only and are not a part of this Agreement, and shall have no effect on the construction or interpretation of this Agreement or any paragraph or provision hereof.
29. **Remedies Cumulative** – The rights and remedies of the Seller set forth herein shall be in addition to any rights or remedies which Seller may otherwise have.
30. **Assignment** – Buyer may not assign this Agreement without Seller’s prior written consent, such consent not to be unreasonably withheld.